Remarks

Status of the claims

Claims 2-22 are pending in the above referenced patent application, hereinafter the "Present Application." Claims 1-2 and 23-36 were previously withdrawn.

Rejections under 35 U.S.C. §102

In the Office Action the Examiner rejected claims 3-5, 7-15, 17-22 under 35 U.S.C. § 1032 as being unpatentable over U.S. Patent Application No. 2003/0065601 to Gatto, hereinafter "Gatto."

Gatto

Applicants respectfully submit that Gatto has been asserted for more than it is worth. Gatto discloses a system for analyzing past performances of earning *estimates* of stocks or indexes. See Gatto abstract. These earning estimates are compared to actual performances of what was estimated. See Gatto abstract, [0077] - [0097]. In doing so, a "weighting factor" is determined as to the accuracy of the estimate. This weighting factor can be applied to future estimates in order to help form predictive conclusions based on the future estimates. Id. Other factors may be applied to estimates, such as a low rating to estimates that are old and a high rating to estimates that are new. See Gatto abstract, [0029] and [0098] - [0100]. In doing so, analyst recommendations at a point in time can be automatically weighted according to a different factor to create an improved composite recommendation by multiplying each analyst's recommendation by that analysis's weighting factor. Gatto [0029], [0101]. As noted by the Examiner in the Office Action, Gatto further provides downloading of historical estimates (Gatto [0073]) and the ability for users to create recall "custom composite earnings models." See Gatto [0115]. This allows a user to input specific analysis sets to create their own "custom composite earning estimates." Id. This estimate can used over any historical time period to compare to past *"estimates" or a composite of estimates*, and thereafter can refine said model to "predict the accuracy of prospective analysts' earning estimates". Id.

The present invention

The present invention is a system for analyzing <u>portfolio market data</u>, not analyst estimates, to provide <u>risk and return characteristics</u> in the aim of analyzing and constructing portfolios. The invention allows users to build and choose among a variety of risk and return measurement methodologies by selecting models, which in turn depend on different factors. On a daily basis, the invention applies the

NYB 1571866.4

market data, determined factors and models associated with particular portfolio data to generate risk, return and other data of the particular portfolios. Application, page 13, lines 18-22.

<u>Claims 3-4</u>

The rejection of claim 3 under 35 U.S.C. §102 is improper. Part of this stems from the Examiner's improper combination of two un-combinable Gatto embodiments to reject a single embodiment of Applicants' claim 3. Specifically, the Examiner takes the disclosure in Gatto paragraph [0115] to read on many of Applicants' claim clauses. Paragraph [0115], however, is a largely independent embodiment that is not easily applied to other embodiments of Gatto, e.g. Gatto [0073] discussed above, which are used to reject other clauses in Applicants' claims. What [0115] discloses, however, is the ability for a user to input "specific performance analysis sets, including performance metrics and other user-defined metrics and parameters, such as scaling factors, to arrive at specific custom composite earnings estimates," in other words, develop a forecast model. <u>This forecast model is separate from the remainder of the invention, which seeks to create factors to determine the usefulness of other analysts forecast models.</u> Gatto does provide the ability to compare the custom forecast model to the historical forecast models ([0115]), but they remain two significantly different tracks: (1) the ability to use historical forecast data to develop factors that weight those forecasts, and (2) creating a custom model to create one's own forecasts.

In using two separate embodiments of Gatto to reject Applicants' claims, the Examiner sometimes defines a single term in one way and changes the definition to address other language in the claim. For example, in the preamble of claim 3 and in like claims throughout the rejection, the Examiner associates a "plurality of data groups related to a set data" to paragraph [0073], i.e., the <u>historical analyst earning estimates</u>. (The Examiner seems to have mistakenly inserted the words "security analysts" and "analyst and security" into the claim preamble despite those words not actually being claimed.) Later in the claim, the Examiner constructs [0115] to read on the clause "providing a set of models which model attributes of the data groupings, each model being dependent on at least one factor selected from the set of factors." Thus here (and throughout the rejection) the examiner had defined the term 'models' to be the <u>custom forecast model.</u> Thus the Examiner has so far used two separate embodiments that are not meant to be combined- the historical analyst earning estimates and the custom forecast model- to reject a single claim of Applicants.

The second-to-last clause of claim 3, then, reads: "for each data group, evaluating an associated model using at least the determined factor values and the set of data to provide a value for the attribute

modeled by the associated model." Using previously assigned definitions, what the Examiner is saying happens here is that "providing a set of [custom forecast models] which model attributes of the [historical earning estimates], each model being dependent on at least one factor selected from the set of factors." The custom forecast models, however, do not model attributes of the historical earning estimates – instead, these models in Gatto are separate from the historical earning estimates and are in fact compared to each other in order to improve one's own forecast model. See [0115]. Thus, under the Examiner's construction, the claim rejection for claim 3 does not make sense and is not applicable. It is clear that Gatto does not disclose a single method that provides "a set of factors" provides "a set of models which model attributes of the data groupings", AND "for each data group, evaluating an associated model using at least the determined factor values and the set of data to provide a value for the attribute modeled by the associated model" as claimed in Applicants' claim 3.

A second assertion the Examiner makes throughout the rejection is based on a single sentence in the abstract, "Users may also create and test, either retrospectively or prospectively, custom portfolio transaction models and rules for purchasing and selling securities upon analysts' estimates and recommendations" for any number of things. The line in the abstract, confusingly written as it is – the term "custom portfolio transaction model" does not appear anywhere else in the application – seems to be referring to the same models as paragraph [0115]. Further note that the part of the sentence stating 'and rules for purchasing and selling securities upon analysts' estimates and recommendations' is completely separate from the first part of the sentence, further described in Gatto [0127].)

In claim 4, the Examiner uses the abstract term "custom portfolio transaction model" to read on Applicants' clause "the data groups comprising portfolios", seemingly because the abstract uses the word 'portfolio'. The 'custom portfolio transaction mode;', however, is not actually a portfolio, but an custom earning forecast as described in [0115]. Thus, claim 4 is not anticipated by the abstract of Gatto and is further allowable through dependency on claim 3.

As stated in MPEP §2131: "a claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.... The identical invention must be shown in as complete detail as is contained in the ... claim." *Verdigaal Brothers v. Union Oil Company of California*, 814 F.2d 628, 631 (Fed. Cir. 1987) and *Richardson v. Suzuki Motor Company*, 868 F.2d 1226, 1236, (Fed. Cir. 1989). As every element of Applicants' claims 3-4 are not found in Gatto, Applicants respectfully submit that rejection under §102 is no longer warranted.

Claims 5 and 7-13

Applicants generally reassert the arguments from claims 3-4 above for claims 5 and 7-13. Specifically, in claim 5, while the preamble is associated with historical earning estimate in Gatto [0073] (although the abstract should also have been cited per claim 4) and the models are now associated with the application of weighting factors to historical earning estimates, the second-to-last claimed step of "for each portfolio, evaluating an associated model using at least the determined factor values and the financial data to provide a value for the attribute modeled by the associated mode" is associated with the custom composite earning models, even though the earning models do not use historical earning estimates other than as a comparative tool. The Examiner has again improperly mixed embodiments that are not combinable in order to reject Applicants' claim.

Regarding claim 8, the Examiner has once again pulled recitations out of context for a rejection that makes little sense. In rejected claim 7, The Examiner cited the comparison of a custom composite earning model with that of historical earning estimates of Gatto [0115] to read on the limitation of "the method further comprising the steps of: receiving an alternative performance value for the particular portfolio; and comparing the determined performance value with the alternative performance value." Claim 8, however, further claims "the step of **indicating a potential data integrity condition when the determined performance value and the alternative performance value differ by more than a predefined value**." For Gatto to anticipate this would require an alert that a user uses the comparison system of Gatto [0115]. Gatto does no such thing, however. Instead, the Examiner cites a swing deviation from paragraph [0086] – but this is only used to weight historical earning forecasts. It has nothing to do with the comparison of Gatto [0115.] The combination of the Examiner's rejections for claim 7 and claim 8, therefore, makes little sense. Thus, this rejection is inapplicable to claim 8. As claims 9-13 depend therefrom either directly or through intervening claims, they are likewise allowable.

Further regarding claim 9, the Examiner uses the abstract phrase "users may also create and test, either retrospectively or prospectively, custom portfolio transaction models" and the financial services for the claim limitation "wherein the performance model models portfolio return and the alternative performance value is an officially reported value for the return of the particular portfolio" as cited in Applicants' claim 9. Applicants request clarification of this rejection. Is the Examiner asserting that the custom portfolio transaction model is an 'officially reported value' as cited in claim 9?

Further regarding claim 10, it recites "The method of claim 5, wherein each portfolio is associated with at least one model in accordance with an investment strategy reflected by the respective

portfolio." The Examiner rejects this by simply stating "each of said portfolio of securities is associated with an investment strategy from, for example, an analyst or a plurality of analysts." Applicants are not entirely sure what the Examiner is saying, since no citation is made, but it appears that to the Examiner someone using the system, an "analyst", would have an investment strategy, but in no way does the Examiner's disclosure present a situation wherein a designed model of portfolio is consistent with a given investment strategy of the portfolio itself. Thus, Gatto does not disclose a method "wherein each portfolio is associated with at least one model in accordance with an investment strategy reflected by the respective portfolio" as claimed in Applicants' claim 10.

Accordingly, because every element of Applicants' claims 5 and 7-13 are not found in Gatto, Applicants respectfully submit that rejection under §102 is no longer warranted.

Claims 14-15, 17-22

The Examiner notes generally that he rejects claim 14 for the same reasons as claims 3 and 5. Applicants therefore assert claim 14 is allowable for the same reasons as argued above. Claims 15-22 are therefore also allowable based on dependency on claim 14, either directly or through intervening claims. Applicants would like to also reemphasize that Gatto does not disclose portfolios in the same context as the present invention. The rejection of claim 18 is further traversed for the same reasons as stated in claim 8 above. The rejection of claim 19 is further questioned for the same reasons as stated in claim 9 above. Thus, as every element of Applicants' claims 5 and 7-13 are not found in Gatto, Applicants respectfully submit that rejection under §102 is no longer warranted for claims 14-15 and 17-22.

Rejection under 35 U.S.C. §103

Claims 6 and 16 were rejected under 35 U.S.C. §103 over Gatto in view of US patent number 6,453,303 to Li. Applicants assert claims 6 and 16 are allowable due to dependency on claims 5 and 14 for reasons set out above.

Conclusion

Claims 3-22 are now pending and believed to be in condition for allowance. Applicants respectfully request that all pending claims be allowed.
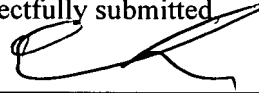
Please apply any credits or excess charges to our deposit account number 50-0521.

Respectfully submitted,

Date: September 24, 2007

Eric A. Lerner
Registration No. 46,054
Attorney for Applicants

MAILING ADDRESS
Customer No. 27383
Clifford Chance US LLP
31 West 52nd Street,
New York, NY 10019-6131
212-878-8232 – tel.